

COMMENT TO RESPONSE OF THE UNITED STATES

Docket No. MC2012-26

POSTAL SERVICE TO ORDER NO. 1366

Freight Station, LLC

The enhanced PO Box services currently being offered by the Post Office create a competitive product with an unfair competitive advantage. We are a small neighborhood business that will have a negative impact on our sales as PO Box enhancements become fully implemented and general knowledge.

The enhanced PO Box services currently being offered that I oppose include:

- Offering Post Office Box renters the use of the Post Office street address for Post Office Box addressing.
- Removing the PO Box designation when using a street address.
- Offering Post Office Box renters email notification of mail delivery.
- Offering Post Office Box renters the ability to receive packages from private carriers.

Please find below a constitutional argument on the fairness of the enhanced services being offered to the United States Post Office from the Mercatus Center written by Mathew Mitchell.

The Pathology of Privilege

The financial bailouts of 2008 were but one example in a long list of privileges that governments occasionally bestow upon particular firms or particular industries. At various times and places, government favoritism has been bestowed through different vehicles. Today, two prime examples reside in the deleterious monopoly power and the pervasive regulatory framework, says Matthew Mitchell, a senior research fellow at the Mercatus Center at George Mason University.

Regarding monopolies, the United States is far less friendly to these firms than in centuries past. However, a sterling illustration remains in the U.S. Postal Service.

- While the U.S. Constitution grants Congress "the power to establish post offices and post roads," it does not, like the Articles of Confederation before it, grant Congress the "sole and exclusive right" to provide these services.
- By the 1840s, a number of private firms had begun to challenge the postal service monopoly.
- This competition forced the postal service to lower its rates, but it also encouraged the postal service to harass its private competitors: within a few years, government legal challenges and fines had driven the private carriers out of business.
- More than a century later, in 1971, the postal service was finally converted into a semi-independent agency called the U.S. Postal Service (USPS).
- Its monopoly privileges, however, remain: no other carriers are allowed to deliver non-urgent letters and no other carriers are allowed to use the inside of your mailbox.

The continued dominance of the Postal Service is a vestige of monopoly power and government intervention to favor one firm over another.

Similarly, while the regulatory framework imposed by government is often decried by businesses as burdensome and costly, studies also find that these regulations can actually be used as tools by firms in order to undermine would-be competitors.

- University of Chicago economist George Stigler won the Nobel Prize for showing that regulatory agencies are routinely "captured" and used by the firms they are supposed to be regulating.
- Subsequent regulation can be employed in order to create insurmountable barriers to entry.
- Thirty-six states, for example, require government permission to open or expand a health care facility, and 39 require government permission to set up shop as a hair braider.

These tools and others allow the government to bestow favored status on some firms at the expense of others.

Source: Matthew Mitchell, "The Pathology of Privilege," Mercatus Center, July 8, 2012.

I respectfully request that the Commission advise the Post Office to cease offering these PO Box enhancements as soon as possible.

Bill Henderson
Freight Station, LLC
July 25, 2012